



U.S. House Committee on **ENERGY & COMMERCE**

Joe Barton

Chairman, R-Texas

Reforming Fuel Economy Standards Will Save Gasoline, Jobs and Lives

"Our economy is outgrowing our ready energy supply, and we've seen the results at the gas pump. We in the Congress must use every tool we have to correct the supply and demand imbalance. On the supply side we must increase domestic energy production and refining capacity. On the demand side, it's time to look at improving automobile fuel efficiency,"
– House Energy and Commerce Committee Chairman Joe Barton

Background: In 1975, in the wake of the Arab oil embargo, Congress established the Corporate Average Fuel Economy (CAFE) standards for passenger cars and light trucks, such as sport utility vehicles or SUVs. In March, the National Highway Traffic Safety Administration (NHTSA) increased fuel efficiency requirements for light trucks from 22.2 miles per gallon (mpg) to 24 mpg for the model year 2008. (It takes approximately 18 months for automakers to change design plans to comply with new requirements.)

CAFE standards for passenger cars haven't changed since 1990 and currently stand at 27.5 mpg. The industry average for these vehicles, however, is slightly higher – approximately 29 mpg.

Outdated, arbitrary CAFE rules kill. In a landmark 2002 study, the National Academy of Sciences concluded that today's inflexible rules cost between 1,300 and 2,600 lives in one calendar year alone (1993). By setting a fuel efficiency requirement picked by politicians rather than sound science, Congress prompted automakers to compromise safety and produce lighter cars to even out the gas-guzzlers and satisfy CAFE standards.

The Administration lacks clear legal authority to raise CAFE standards for passenger cars and is barred from reforming the program to incorporate new scientific advances. While some Democrats claim the Administration has ample statutory permission to increase CAFE requirements, there is sufficient legal ambiguity for critics to tie any changes up in court for years.

Congress should vote for higher fuel economy standards And improve the CAFE system to save gasoline, jobs and lives

Legislation approved by the House Energy and Commerce Committee on 5/10/06:

- ✓ **Provides NHTSA definitive authority to set passenger CAFE standards** and turn the program into a size-based system – i.e., adopting unique requirements for compact, mid-size and full-size models;
- ✓ Requires NHTSA to adopt a rule by Dec. 30, 2008 setting new fuel economy standards;
- ✓ **Saves consumers billions of gallons in fuel, without comprising safety.** On March 29 the Administration revised CAFE rules for light trucks. Those changes will save 10.7 billion gallons

of oil over the lifetime of light vehicles sold during the 2008-2011 model years. There is no reason why the same approach to passenger cars cannot produce similar results; and

- ✓ Calls for a NHTSA to conduct a study on the two-fleet requirement for calculating fuel economy standards and report to Congress within 180 days. The study will assess the effects of the requirement on employment in the U.S. auto industry, the effects on overall automobile fuel economy and determine to what degree the requirement encourages manufacturers to alter their automobiles in order to meet fuel efficiency requirements.

Transportation Secretary Norm Mineta outlined the benefits of replacing today's "one-size-fits-all" policy with a size-based system during his May 3 testimony before the House Energy and Commerce Committee:

- ✓ Preserving vehicle choice: This approach takes the manufacturers' own product mix projections and then applies separate fuel economy targets to each vehicle based on its dimensions. Under a size-based system, automakers will still be able to build the cars consumers want, but those cars will have to be more fuel efficient across-the-board;
- ✓ A size-based system eliminates the perverse incentives for manufacturers to produce smaller and more dangerous vehicles instead of introducing fuel-saving technologies; and
- ✓ A size-based system ensures that all manufacturers are introducing fuel-saving technologies, not only the manufacturers of larger vehicles.